

**MINUTES OF LAYTON CITY
COUNCIL BUDGET WORK MEETING**

MARCH 8, 2016; 8:08 A.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,
BRUCE DAVIS, TOM DAY AND JOY PETRO**

ABSENT:

SCOTT FREITAG

STAFF PRESENT:

**ALEX JENSEN, STEVE GARSIDE, TRACY
PROBERT, BILL WRIGHT, PAUL APPLONIE,
DAVID PRICE, ALLEN SWANSON, KEVIN WARD
AND THIEDA WELLMAN**

The meeting was held in the Conference Room of Fire Station 51, 530 North 2200 West, Layton, Utah.

Alex Jensen, City Manager, opened the meeting and thanked the Mayor and Council for their time. Alex handed out copies of the Annual Report. He expressed appreciation to Staff for putting the information together. Alex explained some of the information included in the Annual Report.

Alex outlined the day and indicated that the information presented today was a recommendation to the Council from Staff for the budget, but the final decision was the Council's. He said nothing was scheduled for the afternoon; the time could be used by the Council to establish some priorities based on discussions with the Department Directors last month. Alex expressed appreciation for the great elected officials the City had had for a number of years. He expressed appreciation to Staff for all that they did.

AGENDA:

2016-2017 BUDGET DISCUSSION

Tracy Probert, Finance Director, reviewed the budget calendar. He indicated that the tentative budget would be adopted in May with the final budget being adopted in June. Tracy reviewed all of the items that would be finalized as part of the final budget adoption. He explained the process of monitoring tax revenues and adjustments that would be made to the current year budget to bring it in line with actual revenues.

Discussion suggested that Councilmembers Brown and Davis would not be available March 24th; the 31st would work better for an additional budget meeting if needed.

Tracy reviewed economic outlook information for 2016/2017. Utah was one of the top performing states in the country and had been for some time.

Mayor Stevenson said the housing market was always a good indication of the economy; Utah's housing market was very good. There were also great things happening at the Base.

Tracy said all of those things helped the City's revenue.

Councilmember Petro indicated that Utah ranked 4th in the Nation for retirees wanting to live here.

Bill Wright, Community and Economic Development Director, said in the first two months of this year the City had issued 22 more permits for single family residential development than the previous year. There was great opportunity for housing growth in the City.

Tracy said today most of the information would be about the general fund. Total revenue for the general fund was \$30,630,124, which was \$900,000 higher than the current year. Personnel costs were \$21,722,119 for the current year; next year \$697,251 had been added for a 3% merit increase and to fund a new Master Officer Program for the Police Department.

Allen Swanson, Police Chief, said the Master Officer Program would allow the City to be more competitive with local cities to retain seasoned officers. He explained the process of obtaining the Master Officer level.

Council and Staff discussed the Program.

Alex explained the importance of experience particularly in the police field. He mentioned philosophies of other local police departments in luring seasoned officers away from other departments.

Steve Garside, Assistant City Attorney, mentioned the impact of legislative changes to retirement that was also impacting police staffing.

Councilmember Day asked what the budgetary impact was of the Master Officer Program.

Tracy said it was about \$127,000, which was included in the \$697,251 for merit increases.

Tracy said \$283,000 was funded for new position requests. He reviewed other items included in the general fund budget. Tracy indicated that expenditures exceed revenue by 2.2 million dollars; fund balance would be used to balance the budget.

Tracy reviewed fund balance information; at the end of June 2015 the fund balance was 7.1 million dollars; at the end of this year the estimated balance would be 7.2 million dollars. The balance at the end of the 2016/2017 year was estimated to be approximately 5 million dollars or 16.56%. That could change if there was additional revenue and the need to use fund balance went down. The City was allowed to have as high as 25% of the budget in fund balance. He explained how budgets changed during the year, which had allowed the City to use less fund balance than anticipated. Tracy explained the City's conservative philosophy in projecting revenues. The City could only go two to three years in using fund balance to balance the budget before fund balance was below allowable levels.

Council and Staff discussed the importance of a healthy fund balance.

Tracy reviewed full time equivalent employee information and departmental percentages of the budget. Compensation was the major cost to the City.

Tracy reviewed operations information; the budget for operations was up this year by \$60,000. He indicated that operation costs ebbed and flowed mostly because of onetime costs.

Council and Staff discussed onetime expenses in the various departments.

Alex explained the impact technology had on operation costs. He said operation costs were a very small part of the overall budget, but it was something that was monitored very closely.

Council and Staff discussed the ongoing costs for maintaining new infrastructure such as parks.

Tracy reviewed wage information; the last few years there had been a 3% budgeted merit increase.

Alex mentioned the impact of increased retirement costs on overall wage costs.

Tracy reviewed new personnel requests, including a Communications Specialist in Administration;

moving the part time Accounts Payable Clerk to full time in Finance; adding a Programmer in IT; adding a new Records Clerk in the Police Department; adding a GIS Coordinator in Engineering; adding a Public Education Specialist in Fire; and Parks and Recreation would be freezing a current Project Manager position and moving the Parks Planner from part time to full time. Tracy indicated that the Education Specialist in the Fire Department was currently funded with a onetime grant.

Mayor Stevenson asked if the Communications Specialist would be focused on social media. He said the outside companies that presented information about doing that could do it for a lot less than a full time position.

Alex said that made a lot of sense. The form and timing of that position would depend on what the Council wanted to do. It was added to the list to spur conversation.

Mayor Stevenson asked about the need to take the Accounts Payable Clerk to full time.

Tracy said that position was much busier with the new software with scanning all invoices. It did help other positions in finding information but that position was much busier.

Mayor Stevenson mentioned the Programmer in IT. It was a great cost savings for the City to do in house programming.

Council and Staff discussed how IT helped with efficiencies in all of the departments. They discussed new personnel requests in the various departments.

The meeting suspended at 9:46 a.m.

The meeting reconvened at 10:01 a.m.

Mayor Stevenson gave a brief update on the status of the UTOPIA bill at the State Legislature.

Council and Staff continued discussion about new personnel requests.

Tracy indicated that the new personnel requests totaled a full time equivalent of about 4.5 employees.

Tracy reviewed information about retirement cost increases and health insurance costs. Health insurance costs were down this year and contributions into the reserve fund, for the self funded plan, were positive this year.

Tracy reviewed general fund revenue information; 41% of the revenue came from sales tax, which added an element of volatility. Property tax made up 24.5% of revenues. General fund revenues were trending in an upward position over the past few years. Tracy reviewed sales tax information; there was a 5.3% increase this year over last year.

Council and Staff discussed sales tax trends. They discussed construction around the mall area.

Tracy mentioned how new growth impacted sales tax revenues. He reviewed sales tax trends over the past 20 years.

Council and Staff discussed new businesses coming to the City and their impact to sales tax revenues. They discussed the impact of online sales.

Tracy reviewed sales tax information from various categories of businesses. He reviewed property tax trends over the last ten years. Tracy reviewed information about other miscellaneous tax revenues and other miscellaneous revenues.

Tracy reviewed fund balance information from other cities in the area. He reviewed information about years the City was able to add to fund balance.

Tracy reviewed information about utility rates. There would be another \$3 per month increase from the North Davis Sewer District this year. At some point the City would need to increase other utility fees, but no increase was recommended this year.

Mayor Stevenson asked if the City could have the Sewer District do their own billing instead of the City doing the billing for them. Anytime there was a rate increase, residents thought it was the City raising rates even if it came from the Sewer District.

Tracy said the contract indicated that the City would do the Sewer District billing, but that contract could be renegotiated.

Mayor Stevenson said that was something to consider in the future.

Tracy mentioned the credit card fees the City paid on behalf of the Sewer District when customers paid their utility bills with a credit card.

Tracy presented comparison information of utility fees from other cities in the area.

Tracy presented a list of capital equipment requested by the various departments.

Councilmember Davis asked if patrol vehicles were on a regular schedule of replacement.

Allen said it was on a 100,000 mile replacement schedule, which was about 8 years.

Alex said this list was the capital equipment recommended for purchase. Last year there was about \$900,000 budgeted for capital purchases; this year it was \$877,000. More than half of the money was for police vehicle replacement costs.

Council and Staff discussed the cost of body worn cameras if that legislation passed.

Tracy presented information about the Capital Improvement Plan (CIP) and reviewed items that were included in the Plan.

Council and Staff discussed various items included in the Plan. They discussed planning projects and the importance of driving people to the community to increase revenues.

Bill reviewed information about updating various development plans in the City.

Alex indicated that outside experts would be hired to do a lot of this type of work. The City didn't have in-house expertise to do a lot of these types of things.

Council and Staff continued discussing various items included on the CIP. They discussed proposed improvements to sidewalk crossings, particularly those on the D&RG Trail.

Alex mentioned that a local business located on the southeast corner of Lindsay and Fort Lane near the recent crosswalk tragedy indicated that they wanted to help. They were covering the entire cost of the crossing improvements at that intersection.

Council and Staff discussed the D&RG Trail and possible signage. They discussed how heavily the trail was used.

Councilmember Petro mentioned an idea of residents taking responsibility for sections of the Trail to keep

in clean and well kept.

Council and Staff discussed patrol efforts on the Trail.

Tracy reviewed CIP information in the enterprise funds.

Alex discussed proposed projects in the street lighting fund.

Council and Staff discussed how RAMP tax funds would be in a separate special revenue fund. They discussed Proposition 1 funds.

The meeting suspended at 11:46 a.m.

The meeting reconvened at 1:29 p.m.

Tracy reviewed UTOPIA reserve commitment information. He presented property tax rate information from other cities in the area. Tracy reviewed information about revenues that would be achieved with a property tax increase. He discussed the philosophy of some cities that did a small property tax increase each year.

Alex indicated that this was the end of the budget presentation. He turned the time over to the Mayor and Council.

Councilmember Petro said knowing that UTOPIA was a big ticket item and would continue to grow, if the Legislation didn't pass the bill to allow a question on the ballot, what would be the plan for covering the debt.

Alex said the best solution would be to try and continue to grow the network, but that would be a long term solution. He mentioned a possible public/private partnership similar to the Macquarie proposal.

Council and Staff discussed other areas in the country that had developed municipal fiber networks. They discussed other possible options for the City relative to UTOPIA.

Mayor Stevenson mentioned an idea of a property tax decrease as a good will gesture for everything the citizens had done in support of other things in the City, such as the RAMP tax. There was discussion about the logistics of putting the UTOPIA question on the ballot this year.

Mayor Stevenson asked what it was costing the City to supplement the swimming pool.

David Price, Parks and Recreation Director, said it was about \$450,000 a year.

Mayor Stevenson asked what that amount would be if the pool was closed in the winter.

David said it would be about \$250,000. He said Staff would like to have an analysis of the pool operation done and bring that information back to the Council.

Alex said Staff had discussed this, but had not done a detailed analysis. He said Staff was ready to do that based on Council direction. Alex said closing the pool would receive pushback from the public.

Mayor Stevenson said a long range plan needed to be looked at. The City needed to be cautious going forward and looking at funding into the future.

Mayor Stevenson expressed appreciation for the great team effort in the City.

Councilmember Brown indicated that the pool provided a great service to the City. She said often the pool

was looked at differently because a fee was charged to use it, and it didn't generate enough revenue to support the facility. However, the City didn't charge a fee to use the trails or parks, but those facilities also cost money to operate and provide to the citizens. She considered the pool a service to the citizens just like the parks and trails, and snow removal. The pool probably needed to be updated to compete with surrounding cities.

Councilmember Davis said students could provide a fiscal evaluation of the pool, but that probably wouldn't provide all the information the City needed. He suggested having a study done.

David mentioned that the pool was the number two amenity in the citizen survey; citizens wanted a pool.

Mayor Stevenson asked how important it was for a pool to be open air in the summer months.

David said very important. He mentioned other facilities in the area that drew a larger audience because of the amenities they offered. The trend was to condense indoor facilities and expand outdoor uses.

Council and Staff discussed other facilities in the area and the amenities they offered. They discussed ideas of working with the School District for an indoor facility that would accommodate lap swimming and swim teams.

Alex said in discussions with the School District several years ago, they were not interested in a swimming pool. He said the City had to determine what they wanted to do; have something that covered its own operating costs or provide a public service. Pools didn't make money. A new facility would operate more effectively, but it would not make money.

Mayor Stevenson suggested not opening the pool this fall and performing a study.

Councilmember Petro suggested doing the study much sooner than this fall.

Council and Staff discussed what should be involved in a study, including public input.

Mayor Stevenson said the City needed to figure out whether or not it wanted to stay in the pool business.

David said Staff wanted to provide information for the Council to make the right decision. He said closing the pool within a year after implementation of the RAMP tax was probably not a good idea.

Discussion suggested moving forward with a study of the pool.

Mayor Stevenson said there needed to be a plan moving forward with new fire stations. He mentioned issues with fire coverage on the east side of the City.

Council and Staff discussed ongoing costs of manning a fire station. They discussed the importance of good planning for the future.

Alex said it came down to balance and the elected officials deciding what the City wanted to be. He said because of past leadership, the City was well respected all across the State.

Alex said salary compensation was looked at very closely; it was a delicate dance. If people weren't compensated fairly, the City wouldn't have employees that were performing at a higher level. If it was perceived to be unfair, you would lose employees. There would be no sense of loyalty; currently people liked to work for Layton City. It was important to look at a holistic picture and not make a knee jerk reaction.

Mayor Stevenson said the City had to figure out how to build on what had been in place for many years. Eventually the City would need two additional fire stations and a public safety building; the City had to

figure out how to make that happen. Status quo wasn't going to get the City to that point.

Alex said eventually the talk needed to stop, and decisions had to be made. The City was a large organization and would only get bigger and more complicated to operate. Something had to be done about UTOPIA, but there had to be other revenue streams to do some of those big things. Taxes would need to be raised and there needed to be other revenue streams. If UTOPIA turned around it could be a great revenue stream. Staff needed direction from the Council to know what the priorities should be.

Mayor Stevenson said the City needed to look at ways to generate additional revenue. He said he believed the UTOPIA issue was the number one priority. The internet world was only going to grow and if Layton could be on the cutting edge, the revenue could be huge.

Council and Staff discussed issues with the State limiting ways cities could generate new revenue.

Mayor Stevenson said the Council couldn't make good decisions without help from Staff. He said some of the decisions would be tough decisions to make.

Councilmember Brown said hopefully in the next few days the UTOPIA bill would pass through the Legislature. If that happened, would the City be in a position to move forward with getting something on the ballot.

Mayor Stevenson said the City would need to have a plan in place by June.

Alex said it would be more complicated than you could imagine. Having something ready to go by November probably wouldn't happen. There were eight other cities involved. The City couldn't decide to move on their own; UTOPIA wouldn't want the City to do something that would hijack the network. It was very complicated. There were cities in UTOPIA who wanted to have the autonomy to spend their own money to build out their own network, but do it in a way that would still support the organization. It would take time to work through that after the legislation passed and see what everyone was willing to do.

Alex said UTOPIA had a new executive director; cities would be meeting with him next week to see what his ideas were. He would be an aggressive proponent of build. UTOPIA was not a simple thing; it was not like running a City project. UTOPIA was an octopus with a lot of tentacles; legislative regulatory issues, public and private partnerships, and contractual partnerships. No city could move to the detriment of the organization. Alex said he didn't think there would be a perfect plan in place by November. There had to be a plan in place before taking it to the public.

Councilmember Day said he thought they were to the point with UTOPIA where those hard decisions would have to be made in the next few months. He said you couldn't go to the public with a wishy/washy proposal and have any success.

Alex said that was what he was saying. He didn't think the City would be able to do that by this November because they were dealing with eight other entities and seeing where they were going.

Councilmember Day said on the other hand, this had been going on for 10 or 12 years; the Macquarie deal had been going on for a couple of years. He said he wondered why the decisions weren't already made behind the scenes and be able to move forward once the legislation passed. Decisions weren't easy to make, but he wasn't afraid to make hard decisions.

Councilmember Day said there were other issues in the City like the water study, the transportation study and other things that had just drug out. He said Staff should bring those things to the Council and let them be decided; the Council wasn't afraid to make those decisions. Councilmember Day said sometimes he got the feeling that those things were pushed off and pushed off; like they almost don't want the decisions to be made.

Alex said that was completely false.

Councilmember Day asked why they hadn't progressed.

Alex said Staff was involved in many different things; there were four impact fee studies going on at the same time, along with the secondary water study, with a limited Staff. There was ongoing business to run in the City as well.

Councilmember Day said he understood that and didn't want to be offensive, but the water study began over two years ago before this Council was elected. It had been months and months since the irrigation companies came in and made their presentations. Nothing ever happened. Why wasn't the Council having a strategic planning meeting every month in order to solve these problems?

Alex said those meetings could be held.

Councilmember Day said he wasn't throwing the blame on Alex or Staff, but going back to the UTOPIA issue, with all of the things that had gone on in the last couple of years with the Macquarie deal, if it wasn't pretty firm by the middle of the summer so that people knew what they were voting on, it would be a tragedy for UTOPIA.

Mayor Stevenson said if that was the case there wouldn't be a vote this year.

Councilmember Day said he didn't think pushing it years down the road would gain any more support. He thought people were ready for decisions to be made whatever they may be.

Mayor Stevenson said in a perfect world, he would love to see Layton City be a model for the rest of the UTOPIA group by taking it to a vote of the people and see what could be accomplished. He said the transportation study was being held up because of the decision on 2700 West; the City wanted to make the right decision. Mayor Stevenson said the water study was taking a lot of time to bring all of the information together. He said the City tried to run very efficiently and managing all of the additional projects along with day to day operations took time.

Councilmember Day said the Council had been talking about the swimming pool since he had been on the Council. The Council was having the same discussion they had a year ago, and nothing had changed.

Mayor Stevenson said today was the most in depth discussion the Council had had on the pool.

Councilmember Day said until the study was completed, the City was not one step closer to making a decision. He said he wasn't trying to cast blame on anybody, but decisions needed to be made.

Councilmember Brown said the Council needed to remember that with the transportation study, Staff presented that information quite a long time ago, but the Council had questions that made it go back to Staff. She said the Council had to take part of the blame for it not being passed yet because of all the additional questions. Councilmember Brown said the Council had to make a decision between 2200 West and 2700 West before it could move forward. The Council held that up more than Staff did. Staff was ready for the decision to be made six months ago. Part of what happened was that the Council asked questions and it took Staff additional time to provide that information. She said the Council couldn't blame Staff for it not being passed; Council needed to take responsibility for the fact that they asked for additional information and didn't make the decision. Staff had been doing their work, and the Council gave them more work to do, and because of that the decision had been held up. Staff presented the information again a week or two ago, and another issue had come up; it wasn't because Staff hadn't done what the Council asked them to do.

Alex said Staff could do better. He said the decision on secondary water was significant and an important decision for the future of the City. Alex said Staff had met twice in the last three weeks on that and was

trying to use the score card that was developed to take the presentations made by the secondary water suppliers and summarize that information to allow the Council to move forward with a decision.

There was discussion about some of the studies that were underway and the status of those studies.

Alex said Staff's intention was to bring the water study back to the Council as soon as possible to bring it to a conclusion. He said it would take several meetings to do that because there would be differing views among the Council that would have to be sorted through, and there were a lot of factors to take into consideration.

Councilmember Day said he didn't have a problem with having additional meetings to resolve some of these things.

Alex said there had to be a balance, but Staff could do a better job at that and they would. Anytime the Council wanted to have a meeting, Staff would be there.

Mayor Stevenson said he understood that there would be no funding from the State for the Vietnam Memorial Wall. The City needed to come up with ways to help fund that Wall.

David said Mr. Howland wanted to be in charge of finding funding for the Wall.

Council and Staff discussed funding ideas for the Wall.

Mayor Stevenson asked Council if there were any other items they would like to discuss.

Councilmember Petro mentioned the importance of additional parks.

David said there was a family that was willing to sell property to the City for a park that was located in the gap area identified in the recent study. The opportunity to purchase the property would probably go away in the near future.

Council and Staff discussed the possibility of acquiring some of the property for a park.

Councilmember Brown expressed appreciation to Staff for all of their work in preparing the budget.

Councilmember Davis said the 3% increase for salaries was within reason. Turnover had costs and you tended to lose your best people. He said he would be willing to help put together an RFP and review RFPs for a pool study.

Allen Swanson explained how the City's salary surveys were completed.

Councilmember Day asked if other departments were impacted by cities stealing some of the Staff.

Paul Applonie, Public Works Assistant Director, said the Public Works Department had lost a lot of employees due to retirement, and applicants were less in number. Several employees were leaving for the private sector because of the economy.

Alex said the City pay system was very objective. The City looked at the monetary value of the position, not the employee that was in the position. The range was set by the market; how quickly an employee moved through the range was based on performance.

Mayor Stevenson expressed appreciation to Staff for putting the budget together. He expressed appreciation to the employees for everything they did. Mayor Stevenson said discussion was important and he appreciated input from everyone on the team. Everyone wanted to make the City a better place.

Tracy indicated that he would send the budget presentation to the Mayor and Council. He asked for feedback.

The meeting adjourned at 3:45 p.m.

Thieda Wellman, City Recorder